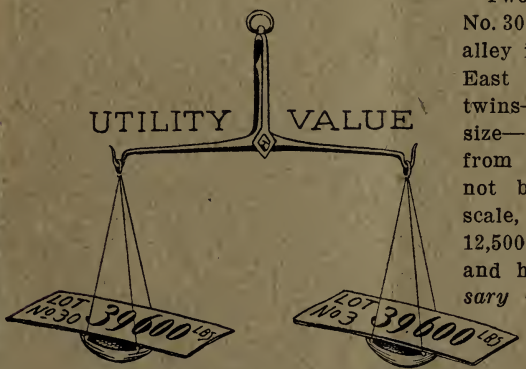
TAXATION No. 1.

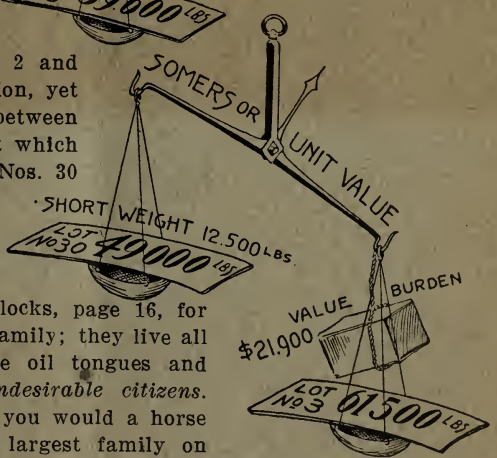
ABSOLUTELY JUST AND EQUITABLE TAXATION ON THE PLAN OF UTILITY OR REASONABLE ANNUAL AVERAGE RENTAL VALUE.

BY

NAPOLEON WAGNER.



Two brothers (lots No. 3 and No. 30). They live just across the alley in the same block No. 161, East Denver. They are nearly twins—both the same age and size—each resides third door from the corner—yet they cannot be weighed on the same scale, because No. 3 weighs 12,500 lbs. more than his brother and has an *extra and unnecessary value burden* to carry of $21,900. Their cousins No. 2 and No. 31 bear the same relation, yet there is only 9,000 lbs. between their weight. Is it the diet which makes the difference? Do Nos. 30 and 31 live on a diet called *special privilege?* It is said when one gets used to it—you don't like to give it up. See diagram blocks, page 16, for more relatives of the same family; they live all over every city; they have oil tongues and honeyed words but are *undesirable citizens.* You want to shun them as you would a horse thief. It is, perhaps, the largest family on earth, yet there is no consanguinity between them.



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A LETTER IN HASTE

Denver, Colorado, September 4, 1914.

To the Noted Economists and Honorable Members of the National Tax Association. GREETING:

We cordially greet you to Denver and Colorado for the worthy cause you represent. May we be pardoned for the liberty taken in handing to each one of you, a small pamphlet, labeled Taxation—our feeble effort of 1911. *Uniformity, conforming to one rule or mode*, has been my chief aim in the production of *Taxation* on the plan of *Utility* to ascertain all value of every kind for assessment and taxation, based upon income, or if non-use or vacant probable income by the application of universally well known rules and scientific principles properly applied viz.: *Utility* enables us to ascertan *correct value* by capitalizing the amount of the total annual rent, at the same uniform per cent. *Proportion* enables us to ascertain *correct relative value*, or the exact number of times one lot or plot or thing is worth more than another lot, plot or thing. *Percentage* enables us to ascertain *correct uniform value*, or exact ratio of value to the ratio of assessment, by equalization, all at the same uniform per cent. Thus abolishing all under and over valuation, discrimination, class or other privilege.

Collecting revenue under a general property tax has been unfair or a failure owing to the lack of a standard or fair mode of ascertaining value. *The How, The Way, The Method*, has been waived aside as if it were unimportant, when in fact it is the all-important element in ascertaining *uniform value*.

The present prevailing method of ascertaining all value by assessors everywhere is based on *mere opinion* which is nothing but a guess. Guessing at value must stop, it is too uncertain, it is too vacillating, it is too silly and ridiculous for serious thought, it has nothing to commend it but it has everything to condemn it.

Opinion, or judgment of value, is a mere guess; what a given piece of property will sell for in the open market is another vacillating guess, but when you honestly and fairly capitalize its income, its every-day annual earning power, then and then only will you get its true and correct value, this is *utility* or *positive knowledge* and no guess.

In utility we find the very etiology or root of all value, which is the secret of all *lawful, relative, uniform taxation*. If, as we have demonstrated, the true and correct basis of ascertaining all value is use or probable use, then *why not make utility* by law the standard and basis of ascertaining all value for assessment and taxation everywhere?

The system of ascertaining all value based upon utility is unique, it stands alone, it is in no way associated or connected with the "single tax" idea; it is nearer related and closely associated with the *general income tax idea*. We claim for the *utility system*, it is a great big improvement and far above the general income tax system which is now in use in only one state in the United States—Wisconsin—especially in stopping the *great or immense leak* of site or all lot and land value.

We believe it is pretty generally conceded that *utility* is a well thought-out, carefully balanced plan not only in theory but in fact; that any state putting in their statutes, the first few pages or the rules and substance of our *taxation* 1911, will have constructive, modern, up-to-date, just tax legislation of the highest order.

The state legislature first adopting this plan, may not be putting in effect the *last word* in ascertaining value, but they will be giving a new birth to the very *last word and thought* of ascertaining all value up to the present time.

May they not look forward, with a clear eye, a serene confidence of having their work speedily commended and copied by one state after another, in addition to the most profound and grateful prayers from each one of their constituents, for at last saddling a value burden on each man's back, for all taxation according to exact justice. No man, rich or poor, will be overweighted. All will be able to look up, walk, run, sing and play, knowing that each one is receiving fair play.

Our *taxation* is being rewritten, much enlarged, etc. Those members who would like to have a copy will probably receive it gratis, by leaving their name and specific address with the author—Napoleon Wagner, No. 1101 Emerson Street, Denver, Colorado.

"Everything That Bears Semblance of Privilege Must Be Abolished." Personally delivered to Congress, Washington, D. C., April 8, 1913. Woodrow Wilson, Pres. U. S. *Taxation* on the basis of *utility* fixes the ability definitely and honestly in all cases, to ABOLISH ALL TAX PRIVILEGE.

There are so many assertions of *fact* which are not *fact* by various schemes, plans and so-called mathematical systems of *ascertaining uniform value*. We can accept none which are not susceptible of demonstration and proof of accuracy. Expose a lie and it falls a coward at our feet.

Utility is founded upon principle which assures its permanency, it is a demonstrable understanding of fact, proving uniform value. *No system of taxation* can produce over valuation and under valuation and *be uniform. Uniform value* will not admit of both over and under valuation at the same time. Either one implies the other, which prevents uniformity. Over valuation means confiscation. Under valuation means escape payment.

What is the matter with Denver real estate men and business men generally throughout America? Have they been drugged or put in a semi-comatose or inactive condition by THE INTERESTS, like many of the office-holders and politicians? Or are they just half asleep on their feet? In God's name, men, wake up to the realization of the fact of what taxation on the basis of utility will do for each one of you, for each of your neighbors and for your entire community. You cannot reasonably expect prosperity, nor do you deserve it, nor can your community thrive, so long as you remain passive, inactive, wink or connive at the present and past UNCONSCIONABLE SPECIAL PRIVILEGE freely extended and granted to the land value of each pair of corner lots, in the business districts of nearly every American city. Why should these very valuable city lots be permitted to rob the balance of your city blind?

What right have they to be taxed at a less ratio of value than inside or middle lots? Why not tax all alike at the same ratio of value? (ASSESSMENT ON THE BASIS OF UTILITY MEANS THE PAYING OF YOUR TAX NOT IN ADVANCE OR ON ANY GUESS VALUE, BUT ON A VALUATION ALREADY RECEIVED OR PROBABLY RECEIVABLE.) Hence there can be no hardship on any taxpayer; where the tax is properly and justly equalized, it will fall on the shoulders of all lightly; no one can be overburdened. Is it not silly and nonsense to talk or PRATTLE ABOUT VALUE, RELATIVE OR UNIFORM VALUE AND THEN GUESS AT THE AMOUNT which each piece of property shall be assessed for? This is exactly what nearly all assessors are doing throughout America today. A trite legal maxim is "He who seeks equity must do equity." All inside or middle lot values both seek and do equity to the assessor. All corner lot values do not seek and do not do equity to the assessor.

Our plan relies directly upon UTILITY JUSTLY EQUALIZED, which enables it to ascertain correct uniform value. All other plans or methods whatsoever kind or nature, lean in the same direction, but owing to the degree of indirection and round-about way they may use in arriving at or ascertaining value, will be found to be uncertain, indefinite, and unreliable, A GUESS, it may be correct in some instances but is very apt to be either too high or too low, AND NEVER UNIFORM. None of these plans can or will produce UNIFORM VALUE, because THEY ALL LACK THE ESSENTIAL ELEMENT in order to produce uniformity, viz.: ABSOLUTE REAL KNOWLEDGE OR TRUTH, SUSCEPTIBLE OF PROOF AND DEMONSTRATION, in all cases producing or rendering like results or uniformity.

Up to the present time the *press* has refused to publish a line of what we have written on taxation, etc., excepting *one* signed article.

May the European war and all armament soon cease. God grant us all *permanent peace!*

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FOREWORD.

We fully realize the degree of success enjoyed at the start will greatly influence its rapid future usefulness. We all must know this plan is founded on a truthful and honest basis; hence we sincerely appeal loudly to all educators, those in official position and all others who can without prejudice lend a helping hand in giving it the widest publicity possible, to the end that we may eliminate the bad and save the good.

PRO BONO PUBLICO.

SECOND EDITION.

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BY

NAPOLEON WAGNER, M. D., LL. B.

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SAYS ONLY SANE TAXATION IS TREATING OF ALL ALIKE.

MUST BE GENERAL, UNIFORM AND DIVIDED EQUABLY ACCORDING TO VALUES.

(To the Republican.)—A sane method of taxation is to treat all alike; any divergence from this method, no matter how slight, is bordering on the insane. In order to accomplish this it will be necessary to adopt a few general rules and definitions:

1. We will first define a corner: A corner is any amount of land which absorbs and appropriates all special benefits of a principal street in addition to the usual benefits derived from a cross street and alley, viz.: Front, side and rear entrance; it takes to itself all the frontage of abutting principal street. For example: It may consist of a very narrow strip, even of only a few feet or inches in width, just sufficient to build a spite wall, or it may extend to the middle of a block. To illustrate: If steel spite walls were built on the two corners of any half block, say of two feet in width and 12 or less stories in height, all the rest of the ground between these two walls are inside, or middle, lots, and should be treated practically alike, except for a slight additional valuation for those nearest to the corners.

2. We will next define inside lots as all ground not included in the corner, completely shut out from the principal street. It may include every inch of land between the two spite walls which derive only the usual benefit from a cross street and alley, viz.: front and rear entrance.

3. Utility must govern all value, whether inside or corner lots. There is no safer or saner rule applicable than the reasonable average annual rental value, or, if vacant property, the probable utility, established by the general custom of the immediate neighborhood, of the reasonable average annual rental value.

4. All lots possess a speculative value over and above the reasonable average annual rental value. This applies alike to all corner and inside lots and is not subject to taxation because this so-called speculative value is unascertainable. Valuation is the act of ascertaining the worth of a thing, or the estimated worth of a thing. It differs from price, which does not always afford a true criterion of value, for a thing may be bought very dear or very cheap.

5. The so-called key to a corner is speculative value—a nightmare, a dream, a delusion—is chance; it may never materialize nor unlock anything, and is not subject to taxation.

6. Consolidation: Each foot of ground added to a corner or spite wall in a good business district adds many fold to its former utility, its rental and real value. The highest type of consolidation and the greatest value is produced where an entire block, including the alley, is utilized by one owner. Perhaps the second highest type and value is produced where one-half a block is operated and managed by one owner. The value of consolidation lessens as the amount of ground occupied decreases. Hence consolidation always should be encouraged, because here is where the greatest value lies.

7. Two city blocks immediately adjoining may be immensely different in value because owned, operated and rented differently, yet each enjoying the best possible management with present improvements and conditions.

8. Generally, but not always, the more owners in a given business block the less value it has. The corners predominate, if they are large, stylish and up-to-date; they not only greatly increase their own former value, but create a new and additional value for the entire block.

9. It is almost superfluous to say we cannot tax a thing now more than its reasonable annual rental value because we believe and feel in the future it will be worth more. All assessments must be based upon present cash value or proportion of present cash value.

10. The broad, sane, commonsense rule governing the whole subject of taxation is: It must be general, it must be uniform, and it must be apportioned equally according to value, and no portion can legally be levied upon prospective or future value. This is absolutely necessary to make any tax lawful. All special and invidious discriminations against individuals are illegal and for all such cases a general right exists to assessors or proper officers to refund to individuals any sums paid by them which are found to have been wrongfully exacted or for any reason are inequitable.

11. If these few plain, simple rules are complied with a given assessor can hardly make a serious error or mistake in any given case.

NAPOLEON WAGNER.

The above was published in The Denver Republican June 10, 1911.

IT REALLY CONSTITUTES OUR PLAN.

The following is explanatory and is intended to outline the method of putting the above plan in practical everyday use. Our observation on taxation may materially aid in this respect. Each city can aid one

another and us in better perfecting the details which we heartily welcome. To the end that we may all unitedly enjoy and live under the protection and manifold blessings of the ideal or perfect system, then we shall truly call the whole system *ours*.

The origin of all value is use, hence, uniformly value all lands, improvements, personal property, franchises, rights of way, railway property, docks, piers, wharves, bridges and all other property of whatsoever kind or nature; which is subject to taxation, at its full cash value.

ASCERTAINING ALL VALUE AND

A NEW PLAN FOR EQUALIZING TAXATION.

On the basis of the reasonable annual average utility or probable utility if vacant. Take only the utility of ground floor to establish the value of lots. To establish the value of buildings take the entire utility or if vacant probable utility, evidenced by sworn annual statements of both tenants and owners, penalizing false statement reports, etc. Slight modifications may be made by ever keeping in mind and adhering closely to the great controlling factor uniformity of utility or probable utility to ascertain just value, and to conform to the statutory requirements of taxation of the different states. By the application and use of such regulations as shall secure a just valuation for taxation of all property, real and personal.

This annual statistical information will give exact justice to all alike, it will favor none and harm none. No one will pay on fictitious or speculative value. All will pay only on amount received or receivable, all at the same proportionate value. If this system is properly executed and carried out, it will be the most ideal and just method the human mind has devised for *taxing all exactly alike according to equitable value.*

When investigating the value of business blocks in Denver, we found some with only one story buildings on lots Nos. 1 and 2 and likewise on lots Nos. 3 and 4, here we took the total rental value of each which admitted of absolute correct comparison to ascertain the value of the lots alone, then later valued each improvement separately to ascertain the value of the buildings. We then decided it would be just as fair and absolutely correct a basis to take the total rental value of the ground floor and basement only, no matter how improved, to ascertain and compare the value of the lots alone.

It may be contended when we get and use the rental value of the

ground floor only to measure and compare the value of the lots alone we by so doing are valuing part of the building, known as the first floor and basement with the lots and are therefore valuing that part of the building twice unless we deduct this when we come to value the building or improvement separately from the lot on which it stands. Obviously this is not true nor is the above argument tenable. We simply use this knowledge or information of rental value of ground floor as the only correct measuring tape which is elastic enough to exactly fit any piece of property, no matter what shape or where located, with absolute honesty and fairness. This will have nothing whatever to do with putting proper value on buildings or improvements separately on the basis of the reasonable annual rental value.

No. 1. ~~TO VALUE BUSINESS PROPERTY.~~

1st. Divide any block into four equal parts—then value each ¼ separately. 2nd. Take the total rent of ground floor only to establish the value of the lots without the improvement of any practical number of square feet or lots not to exceed ⅛ of block, which will admit of fair comparison with the total rent of like or equal number of square feet or lots immediately adjoining or corresponding, total not to exceed the ¼ block. 3rd. Then divide the latter into the former and the result will be the *rent ratio* which is the *exact number of times* the corner is worth more than the adjoining lots. 4th. This will eliminate all chance, guess work, fictitious or speculative value. 5th. This will be elastic enough to go up or down, it will keep exact step with the stationary, rapid or slow increase or decrease of value from year to year, always stable and uniform according to exact value. 6th. Each ¼ block must be valued separately, because when we go beyond the ¼ block line, we are encroaching upon the sphere influence and value of the next corner, all of which may be very different from the one we have just valued. 7th. Value the second corner the same as No. 1, and the 3rd and 4th likewise. 8th. Alley influence need not be taken into special consideration because each ¼ block enjoys practically the same benefits from it. Use simple percentage of value of the full or standard size lot to ascertain the correct value of odd feet or inches in depth or width.

No. 2. ~~TO VALUE RESIDENCE PROPERTY.~~

We find it impracticable to give *detailed direction and instruction* for valuing all ~~residence~~ property, nor do we deem it necessary, because different cities and assessors use slightly different methods, both

No. 1. TO ASCERTAIN ALL SITE VALUE WHETHER BUSINESS OR RESIDENCE, improved OR UNIMPROVED, ALL TO BE UNIFORMLY CAPITALIZED.

No. 2. TO ASCERTAIN THE VALUE OF ALL IMPROVEMENTS OF ALL KINDS OF PROPERTY: Shall be had from its income, honest earning power or intrinsic value on the basis of the reasonable annual average Utility or probable Utility if held in non-use or vacant, all uniformly capitalized. NO PROPERTY OF ANY KIND WHETHER REAL, PERSONAL OR MIXED SHALL BE HELD IN NON-USE OR FOR SPECULATION WITHOUT ANNUALLY PAYING ITS FAIR SHARE OF ASSESSMENT AND TAXATION.

in valuing the lots and the improvements. This will do no harm, providing they use the *correct basis* to ascertain the true value. This is equally true in valuing personal property, as well as farm land and all other property and improvements. The statutes of the different states vary somewhat in directing and commanding just how this shall be done, some go into greater detail than others. In all cases the statutes must be fully complied with. Our plan recognizes and welcomes this aid. Our general directions will be sufficiently explicit to enable anyone with average intelligence to make correct application of the same, viz.:

In all cases value the land separately; value all improvements separately; then add the two together for total value. Value uniformly all lands, improvements, personal property, franchises, rights of way, railway property, docks, piers, wharves, bridges, and all other property of whatsoever kind or nature, which is subject to taxation at its full cash value, *on the basis of the reasonable annual average utility or probable utility if vacant,* by the application and use of such regulations as shall secure a just valuation for taxation of all property, real and personal. Maps should be prepared and used to indicate the frontage value along each side of every block, viz.: The value per front foot of a vacant inside, standard size lot, with a different color of figures to show marking of corner values, in both business and residence. This will eliminate all possibility of missing or not valuing each piece of property. It will show relative value at a glance. Acre property should be marked the price in dollars per acre. These maps should be arranged in numerical order and drawn to a uniform scale, and re-marked each year of valuation and for general use of any taxpayer, together with the open door for use of all records, maps, charts, etc., of the assessor's office, including the widest publicity. Do this honestly and conscientiously five years and you will have no "machine" or graft in municipal government, because through this and the county treasurer's office come the sinews of war for good or evil.

It may be said no rent comes from the value of City lots alone. If so, it is impossible to separate it from that which comes from the building or improvement. Indeed they claim it all comes from the building. Obviously this is not tenable, in technical theory it might be correct but in practice this theory will not hold good. They must both be used together, one without the other is impossible. The building must have a place on which to rest, before any value can come from it for fair or reasonable returns, hence there is a relative value between

the vacant ground and the building. *No better or fairer basis can be made* than to take the utility or rent or probable utility or rent if vacant of the ground floor or principal story only to ascertain and compare the value of one vacant lot with another.

The above correct definition of a corner, the illustration of which is perhaps somewhat magnified. The so-called spite walls generally mean a strip 50 feet wide, or two of our lots, we believe never less in the entire business district, calls forceable attention to the fact, that some reasonable provision should be made regulating the use of business corners. Preventing any owner by law from destroying or devitalizing the original inherent value of the full one-quarter block—from the best or principal street—by ownership or use of less than that amount.

Obviously this is a community moral and public wrong, calling loudly for a remedy. Would it be for one moment allowed in Germany? In Germany a community right prevails over private usurpation or lessening of communal value in a given corner and either absolute prevention (of this well recognized public wrong) or annually penalizing the small strip on the corner to the full amount it lessens the value of balance of the one-quarter block. Any competent court of equity in the United States, by either permanently enjoining the wrong or imposing an annual fine or tax for such time as the wrong may exist, undoubtedly would enforce this right.

Why should a City lose this (in some cases immense) extra value each year for taxation? Does not the City *per se* by its inhabitants create all demand utility or value? If so, who will dare say it has not the right to regulate what it produces—to prevent the loss of this great economic value. Thereby making 16th or the best street property, out of cross street or cheap lots.

Is it not contrary to the assessor's official oath, as well as silly and ridiculous, to try to save this loss by shifting the extra value on the adjoining lots, which have just been robbed and deprived of all extra earning power or corner influence they originally possessed? Is this not adding insult to injury? Is this not exactly what the present system of taxation is doing? Is it not what nearly all other systems have been doing? Is this not the proper time to discard all such unfair and unjust systems? Is it not the proper time to at once accept and adopt the Napoleon Wagner System of absolutely fair and honest taxation to rich and poor alike, and especially when we have and can find nothing nearly as good to take its place?

It is truly said we ought not to tear down unless we offer something better to replace the deposed structure, method or system. Ours is an entirely original and new plan which can only give exact justice on the mutual plan of common honesty.

OBSERVATION ON TAXATION.

The origin of all value is use or probable use. All the so-called units which are used as a convenience to measure with, are but fractional parts of a normal sized lot. Their correct value can only be ascertained by utility. If this is true of the unit, it is doubly true of the full sized lot. The separate utility or value of the front, middle or rear part of a standard sized lot or plot is *unascertainable.* Any attempt to do so will be vague, indefinite, impracticable and can only result in chance, guess, discrimination and ultimate failure, for want of feasible, demonstrable utility as a correct basis. *Correct value* established by utility or probable utility can only be had by using as a basis the entire standard size lot or plot or some practical proportion of the whole. Then use simple percentage of value of the standard size lot to ascertain the value of odd feet or inches in depth or width. *Not a percentage or table based on a greater value* for the front than the rear, or any other part of the standard sized lot. This will positively interdict and justly prohibit the use of any and all units or tables of percentage, based upon a value of one part more than any other part of the standard size lot. Naturally this will prohibit the use of the Hoffman-Neill rule, now in use in New York City, the Chicago plan, the Philadelphia plan and the Somers or unit system, etc., because all of these cities use a unit foot, 1 foot front by 100 feet deep away from all corner influences, etc., to measure with, or other methods *which are based on a greater value than its size is, in proportion to the whole or standard size lot.*

It must be borne in mind the unit is a convenience only in making comparison; it has nothing whatever to do with value. The unit must depend upon *utility* to give it the proper value or all will be out of proportion to relative value. If a unit of any size is used to measure with, it must be based on the fractional part of the standard size lot, hence its value will be in exact proportion to its size of the whole lot. If the unit used is $100, too high or too low in measuring a lot fifty times its size, it will render value fifty times $100, or $5,000—out of proper proportion to the correct value of the lot. Experience shows it is generally too low. Can any city afford to lose all this immense

amount—many millions of dollars of value which are annually escaping all taxation? In simple justice must we not consider all such methods obsolete?

As far as we know there is no plan or system in use anywhere, except the one we suggest, which we believe alone can and will unerringly and justly do the work. Its adoption will be no costly or dangerous experiment! it is so short and simple—a child can understand it.

Valuing lots with the same mathematical precision in the different blocks similarly situated does not make it correct. If one is wrong all are wrong. It is poor excuse or justification that it does likewise with the next block, or the next or the next, etc. Two or more wrongs never yet made one right—each adds insult to injury. If the *basis* of any plan or system *is wrong* the whole thing must necessarily be wrong.

All lawful taxation must be a blanket or cover of uniform thickness spread and applied to all lots in a given block exactly alike AS TO REAL VALUE. Herein is where most all system fail, because they take it for granted if the tax is spread and applied uniformly according to number, location and position, *this makes it uniform according to value,* which is far from the truth. This fallacious error and argument has been adopted in the assessor's office and is in pretty general use through the country. Why require two, three or more owners to pay on valuations of from 5% to 50% more than each other, when all derive and can only realize the same amount of rent and are practically of the same value? This is exactly what most systems are doing today, because of their mathematical jugglery of prepared tables to find or locate value, and especially the pernicious percentage tables which are nearly all on a false basis.

To illustrate, an assessor's official figures given for block ..... are as follows, viz.: Lots 1 and 2, $255,500. Lots 3 and 4, $87,600. Hence 1 and 2 pays on valuation of a small fraction less than thrice as much as 3 and 4, when it should pay on valuation of 5.08 times as much as 3 and 4, as evidenced by each 30 days rent receipts of ground floor only to admit of fair and just comparison. Lots 1 and 2 receive $1,270 per month; 3 and 4 receive $250.00 per month. If both are taxed alike, 1 and 2 should pay 5.08 times more than 3 and 4, which equals $445,008, but as it only pays on valuation of $255,500, it therefore entirely escapes paying on valuation of $198,509 each year. Nos. 3 and 4 are valued at $20,300 more than Nos. 5 and 6 and $36,600 more

than Nos. 7 and 8; is this not ridiculous, from 15% to 50% when all have the same ground rental? What is true of this block and corner, is practically true of every other simularly situated, to a greater or less degree, in the entire business district in many cities. Some 1 and 2 lot corners escaping payment for from $100,000 to nearly $200,000 each year, while on its apparent face it does not seem to make so much difference where four or more corner lots are held by one title. Yet this is an enormous error, because this greater tax value should be apportioned to all other tax payers in the city, lessening each one's tax to that extent.

We believe it is apparent that each first and second lot on every corner in the entire business district will be greatly undervalued, viz.: approximately. The following tabulated figures do not represent an entire loss by escape payment, but it does represent entire relative or discriminatory loss, in addition to a very great total loss of value, which proves the *imparative necessity of just equalization.*

Blk. 209 Lots	31 and 32	*Rent ratio* 3.80	Escapes Payt. on Val.	$104,240
Blk. 209 Lots	1 and 2	*Rent ratio* 3.57	Escapes Payt. on Val.	82,420
Blk. 195 Lots	1 and 2	*Rent ratio* 3.68	Escapes Payt. on Val.	94,960
Blk. 140 Lots	31 and 32	*Rent ratio* 4.	Escapes Payt. on Val.	204,000
Blk. 141 Lots	17 and 18	*Rent ratio* 5.08	Escapes Payt. on Val.	189,508
Blk. 196 Lots	17 and 18	*Rent ratio* 4.31	Escapes Payt. on Val.	105,633
Blk. 98 Lots	15 and 16	*Rent ratio* 6.25	Escapes Payt. on Val.	403,075
Blk. 161 Lots	1 and 2	*Rent ratio* 3.40	Escapes Payt. on Val.	126,160
Blk. 67 Lots	17 and 18	*Rent ratio* 4.43	Escapes Payt. on Val.	88,829
Blk. 76 Lots	31 and 32	*Rent ratio* 4.84	Escapes Payt. on Val.	172,208
Blk. 40 Lots	17 and 18	*Rent ratio* 3.	Escapes Payt. on Val.	28,500
Blk. 128 Lots	17 and 18	*Rent ratio* 4.82	Escapes Payt. on Val.	281,386
Blk. 128 Lots	15 and 16	*Rent ratio* 4.77	Escapes Payt. on Val.	281,067
Blk. 196 Lots	31 and 32	*Rent ratio* 4.01	Escapes Payt. on Val.	99,275
Blk. 175 Lots	15 and 16	*Rent ratio* 3.68	Escapes Payt. on Val.	84,680
Blk. 161 Lots	31 and 32	*Rent ratio* 3.25	Escapes Payt. on Val.	93,180
Blk. 209 Lots	15 and 16	*Rent ratio* 4.62	Escapes Payt. on Val.	135,088
Blk. 130 Lots	17 and 18	*Rent ratio* 3.65	Escapes Payt. on Val.	164,900
Blk. 107 Lots	15 and 16	*Rent ratio* 3.53	Escapes Payt. on Val.	137,240
Blk. 161 Lots	17, 18 and 19	*Rent ratio* 3.54	Escapes Payt. on Val.	223,850
Blk. 107 Lots	30, 31 and 32	*Rent ratio* 4.66	Escapes Payt. on Val.	271,384
Blk. 140 Lots	17-18 19 and 20	*Rent ratio* 4.75	Escapes Payt. on Val.	262,137
Blk. 129 Lots	13-14 15 and 16	*Rent ratio* 3.22	Escapes Payt. on Val.	127,482

Rent ratio=The number of times the corner is worth more than the adjoining lots or equal number of square feet, established, by utility of the ground floor of each.

Where both or all make the best possible use all should be assessed at the same relative value. We judge the future by the past and present, hence the *reasonable annual average past and present cash rent or probable utility is the proper test for correct basis of valuation either for sale or assessment.* There is no better or more correct test of true value. Recorded leases for future rent by irresponsible ten-

ants, which may be voided or broken at will of tenant, is like a rope of sand, of little help in arriving at real value. An occasional odd sale may be high or low and likewise misleading in arriving at real value. But practical every day utility, cash rent in hand each 30 days never misleads any one, and on this you can always bank.

If we analyze and study the foregoing figures carefully, it will be easy to see that a great injustice will be done and over-assessment of every 3rd, 4th, 5th and 6th lots owned and used independent of the corners in the entire business part of the City. Because it is an established fact and truth, proven by utility sales, leases, rent, etc., which are the safest and best basis of all value, backed up by the community opinion of the very best real estate men, viz.: That these 3rd, 4th, 5th and 6th lots, where owned separately and used separately, are worth only a very small per cent more than lots in the middle of any given block.

No system or tables which finds, locates or renders two or more corner lot values the *same regardless of ownership, not who, but 1, 2 or more owners, etc.,* under the best possible management can be apportioned equally according to value. This separate ownership, use, etc., is entirely different and very much less value where cut up into small holdings. Tables, scales, measures and methods must make exceptions in these cases if apportioned equally according to value. Let us not call any method scientific or equitable which renders such errors and injustice. Other fairer methods must be applied to fit these exceptional cases if justice and equity are had.

It condones the wrong and indeed puts a high premium on lots 1 and 2 for appropriating to itself and for its own use all the greater value 3, 4, 5 and 6 or more inherently possessed until they were debarred by the act of Nos. 1 and 2 of erecting a barrier or wall. Saying thou shalt come so far but no farther or I will shut your light out. Not only daylight but all prospects of extra financial light as well. This may be according to our standard of commercialism, legal and customary, but does not relieve it from being a moral and community wrong. If all business corners were so used it would prevent all large and valuable use of every kind, which must have large floor space as well as light and air from the corners. It is safe to say it would destroy nine-tenths of the big and very best business in your city. Do you want to encourage small business or suffer it to destroy millions of value of large business; or do you want to encourage beautiful, large airy, light uniform buildings, suitable for all purposes? If so, then

you want to encourage mutual or otherwise, consolidation. In consolidation and use of lots not merely 1, 2, 3, 4, but 5, 6, 7, 8 or more lie the great economic value, not only to the owner or owners, but to the entire community. This view should always be encouraged by assessors or others having official control. Instead of letting 1 and 2 off each year by nonpayment of taxes on valuation of $198,508 or more as proven by income. Should it not be penalized with some extra taxation, not only for depriving all other lots of their inalienable and natural rights which might share in this extra valuation, but they, Nos. 1 and 2, by their will, act and conduct permanently deprive the community, City, county and state of a large amount of taxes annually, which would be derived if reasonable consolidation were had or 1 and 2 be required to pay their fair share.

To my mind the weak spot in most systems is in making no difference in valuing a corner of one, two, three, four or more lots, where the ownership and use are in one or more persons. We all know it is a demonstrable fact when cut up and used in small tracts the less value and use it has. To illustrate, take four separate owners and users of the four separate lots on any given business corner of say 25x125 feet. The only one out of the four who would be justified by prudence and good business judgment in erecting a fine building, say 12 stories or less high, would be No. 1 on the corner. This would so devitalize the other sites of Nos. 2, 3 and 4 that if they erected the same style, height and cost of buildings on their respective lots each would be so dark and undesirable, practically a tunnel 25x125 feet, with but little light from front and rear. That if they could be rented at all, perhaps for not much more than these systems would demand of each to help pay the tax of No. 1, which completely sapped the corner influence. And at the same time, No. 1 might be deriving a golden income of its sweet corner influence of 3, 5, or 10 times more than 2, 3 or 4, or all of them combined. Yet this makes no difference, so says some of these systems. We prefer to reserve our say. But submit to any cool, sane, unbiased, uninfluenced fair-minded men, if this is not enough to condemn all such systems. Shall these four cases all be tarred with the same stick and weighed with the same loaded scales for the great profit and benefit of No. 1 and to the great injury and damage to Nos. 2, 3 and 4. If this unquestioned fault cannot be recognized and properly repaired, must we not in fairness to all, quickly condemn the whole system or our assessors for adopting it? This corner influence has greatly troubled all systems for ages. It is comparatively easy to value inside lots by any fair system.

Many millions of dollars of land values in Denver escape all taxation owing to present and past methods. This we believe to be a conservative estimate. The same is probably true of most American cities. This statement sounds perfectly incredible, until it is explained that most of the methods or systems now in use are of the kind that taxpayers are expected to pay for, but are not expected to know anything about. We now offer you a system as simple as the a, b, c's, which you can all easily understand, and the sum total of cost to put it into effect is average common sense.

Underlying all shortcomings of American municipal government are ignorance and indifference of the taxpayers, brought about by shameful and ruthless disregard of fair and honest protests of individual rights. This can easily be changed by education, which all taxpayers will eagerly seek, only when assured of absolute equality and fairness to all alike. To illustrate, *Uniformity in appearance on its face does not make uniformity of value.* It requires use or utility to establish uniform value; there is no other way. This use or utility varies with almost every business corner, hence it is rank discrimination to tax all lots alike, simply because they are numbered alike or located alike or are alike with corresponding lots in adjoining or other blocks. Courts hold *discrimination* is unconstitutional.

What every community needs is a *permanent taxpayers' organization, clothed with absolute authority* to hear all worthy complaints and right every wrong. Then give its daily routine work the widest publicity and you cannot fail. Not the ordinary taxpayers league, largely political, clothed only with advisory powers to find fault, make general complaint and do nothing. This permanent organization would be a great power in solving civic problems, supervising expenditure, tax levy, budget, relative value, etc., etc., but you must get the right men—not failures or office seekers.

We challenge any honest man to find just fault with the *basis, fairness and outline of our proposed plan.* We well know many details should and will be added, as in years to come they materialize and crystalize into proper form and use for adoption. If this cannot be done, then let us quickly adopt it and all for once, enjoy a square and equal deal; and forever cut off, shut off and put a permanent stop to all *special privilege.*

We mistake the temper of the Denver taxpayers—if they are going to stand for such — — — scientific work — — — scientific escape of

paying on millions of value by the few, who can most or all afford to pay their full and fair share.

Fair, equal and absolutely just taxation should be made a *paramount issue* in every city, village and hamlet, and kept permanently before the people until adopted. *What we want and must have is permament organization of sincere advocates to full inform the people,* of the existing evil and clearly point the way to a practical and feasible remedy. Then you can trust the people for prompt and accurate results.—The people have the final say—

Obviously 1 and 2 are so greedy and bold they are not merely satisfied with depriving Nos. 3, 4, 5 and 6 of their inalienable earning power, utility and value, but are shifting a large part of their fair share of taxes annually on these poor lots, which they have just deprived. They have no right to do either. First, this extra burden must be shifted back where it rightfully belongs on Nos. 1 and 2. Second, we must ask our courts if Nos. 1 and 2 have a legal right to do this trick, without being penalized annually to make whole all the neighboring lots which suffer injury and damage. See illustrated blocks for *justly equalizing* and fairly comparing the two methods.

BLOCK NO. 161, EAST DENVER,

Valued by the Somers or Unit System.

A $	C %				B				C %	A $
		$ 33,100			B		$ ~~1,075~~ 1,975			
	5.33 %	$148,000	1			32	$140,000		5.53 %	
	5.33	82,500	2			31	73,500		5.53	
21,900	2.92	61,500	3			30	49,000		3.67	7,750
5,600	4.14	43,400	4			29	45,500		3.95	7,125
5,600	4.32	41,600	5			28	42,200		4.26	6,125
5	5	36,000	6			27	38,000		4.78	4,700
5	5	36,000	7			26	37,500		4.80	500
5	5	36,000	8			25	37,500		4.80	
5	5	36,000	9			24	37,500		4.80	
1,400	4.81	37,400	10			23	37,500		4.80	
200	6.31	38,000	11			22	40,500		5.92	1,125
4,200	5.71	42,000	12			21	46,550		5.15	7,175
14,400	4.44	54,080	13			20	57,150		4.19	15,900
33,200	3.29	72,800	14			19	65,500		3.66	24,250
	7.26	119,600	15			18	101,550		8.33	
	7.26	231,520	16			17	204,250		8.33	
		53,480			B		48,450			

Land value of the same block as appears on the opposite page herein, according to the present method of the Somers or Unit System now being tried in Denver.

A=The amount of over valuation of each inside lot.
B=The amount of under valuation of each pair of corner lots.
C=The per cent of annual rent on value of each lot.

BLOCK NO. 161, EAST DENVER,

Valued by Our Proposed System.

A	C	Value	Lot	Lot	B	Value	C	A
512	4.66%	$131,800	1	32		$116,287	4.91%	492
512	4.66	131,800	2	31		116,287	4.91	492
150	4.54	39,600=10% B	3	30	B 10%	41,250	4.36	150
150	4.76	37,800= 5% B	4	29	B 5%	39,375	4.57	150
150	5	36,000	5	28		37,500	4.80	150
150	5	36,000	6	27		37,500	4.80	150
150	5	36,000	7	26		37,500	4.80	150
150	5	36,000	8	25		37,500	4.80	150
150	5	36,000	9	24		37,500	4.80	150
150	5	36,000	10	23		37,500	4.80	150
200	6.34	37,800= 5% B	11	22	B 5%	39,375	6.09	200
200	6.34	37,800= 5% B	12	21	B 5%	39,375	6.09	200
200	6.06	39,600=10% B	13	20	B 10%	41,250	5.81	200
200	6.06	39,600=10% B	14	19	B 10%	41,250	5.81	200
1,062	6.30	202,300	15	18		177,125	7.22	1,062
$1,062	6.30	202,300	16	17		177,125	7.22	$1,062

Land value of the same block as appears on the opposite page herein, according to utility or present honest earning power.

A=Monthly rental value of each lot.
B=Per cent added to all lots because of their proximity to corners.
C=The per cent of annual rent on value of each lot.
D=For the base or apparent discrepancy of value see next page☞

Here is the same block and the same rental, valued by each method, the total value of the entire block remains the same. Our system removes the extra unwarranted and unjust burden from the inside lots to the corners, where we demonstrate and prove by income it justly belongs. In valuing this block we were refused information on ground floor rental of values of lots from No. 11 to No. 16 inclusive. Here we adopted in lieu the known rental value of the nearest corresponding lots. *We also accept as a basis the Somers or unit systems value of inside lots, while this is not correct by $1,500 over value on lots Nos. 23 to 28 inclusive,* and a few discretionary matters, but it is near enough for our present purpose of comparison. It clearly shows how easy and flexible it is to adapt our plan to any condition, no matter how complicated. If we can value one block correctly we can value any entire city the same. We are persuaded to feel, because of its absolute honesty and fairness, it will find favorable recognition and perhaps speedy and universal adoption, especially among the large cities throughout the world. Because here is where inestimable value of economic civic housekeeping can be *practiced, utilized or wasted.* To illustrate, take Manhattan, New York City: A part of the Flatiron building site brought nearly $11,000,000 an acre. "Key" plots and other desirable bits down town have sold at the rate of $24,000,000 to $28,000,000 an acre. It is said some sales have been made recently for building sites alone at the rate of $38,000,000 an acre.

It is generally conceded 3rd and 4th lots from any corner in a residence district is of less value that lots in the middle of a block, and especially when the corner lots are vacant, because of the constant menace and danger of an undesirable building obstructing the view, light, air, etc. *This same rule holds good in any business district.* Is it not true that 1 and 2 may front their little stores to the principal street and back their rear doors up against 3 and 4? Or, if 1 and 2 erects a large, stylish building, does it not completely shut out 3 and 4 by its permanent side wall? If this is true, then 3 and 4 can only derive the same *general temporary increase of value,* because of No. 1 and 2's stylish building in common with all other lots in the middle of the block, except, perhaps, a slight additional value because of its nearness or proximity to the corner. *A fortiori. As the city grows, the activities, necessities and convenience of a large population creat an immense increase demand, utility and value.* REAL PERMANENT VALUE. Are not all lots by nature entitled to share in this value alike, proportionately with the fair or reasonable use of the block,

which is not created or produced by any individual or any individuals improvements, but by all individuals collectively? If this is true, then does not 1 and 2's stylish building, no matter how costly, become a constant hindrance, menace and permanent damage to all lots to the middle of the block, preventing them from sharing proportionately equal in this unearned increment, which they are justly entitled to?

Buildings do not produce value—the people do—and in proof of this statement: Let all the people leave a town and what value will the buildings have? No one has a moral or legal right to suffer their property to become an *obstruction* to the neighborhood than they have to commit a nuisance. An unreasonable persistent vacancy may be construed as a legal obstruction. Oppose the obstruction, whether on corner or inside lots, as all other wrongs, by reasonable annual tax or fine, until it is removed, never by undue harsh means, *confiscation, or by abolishing private property in land.*

If wealthy men and corporations seek to avoid in keeping back from the state what properly belongs to it, his or their just share of the public burdens; who crawl out of the payment through fraud or favoritism, are all such not only moral but legal grafters as well? Should they not recognize their turpitude? Is this not one of the *principal causes of dissatisfaction* on the part of small property owners? Who is to blame for this ingratitude but the wrongdoers themselves?

Will not a passing glance at the map of this year's assessed valuations in the Denver business district show hundreds of *grave, unjust discriminations,* perhaps worse than ever before?

Mr. and Mrs Taxpayer, are you not one of a large per cent, paying not only your own tax, but paying so high a tax that someone else just as well or better able to pay, is not paying his or their fair share?

Think it over—then join the *permanent tax payers organization,* whose duty it shall be to hear every just complaint and right every wrong.

When we first started to investigate these systems of taxation, it was from a personal or selfish interest, but have long since dropped the personal interest point of view. Now we feel is it an important duty to aid all we can in righting this great public wrong, because the more we dig and study these systems and figures, the blacker they look. Not unlike a seething mass of corruption, if the former methods were rotten, the present looks doubly so. We now believe it is an imperative duty we owe our conscience, our neighbors and the public

in aiding to the full strength of our feeble ability in making these systems and their figures plainly and clearly before all the people, and especially all the taxpayers, and then let them decide what they want.

Have we not brought forth certain facts which go far to confirm the opinion very generally held, that systematic efforts have been made by many assessors to favor the rich corner owners and throw the great burden of taxation on the middle class and poor.

There is probably no sort of law breaking which is undertaken with such lightness of heart and such confident attempts at self-justification as in the form of under-valuation and over-valuation of adjoining business lots by assessors.

My great and earnest desire is to unselfishly get this important and just principal thoroughly reorganized and permanently established for the love of truth and justice. And for the inestimable benefit to be derived from it, not only in our own beautiful city and state, but all other cities and states, and the common welfare and real good of the whole human family.

ADVANCE VIEWS.

All tax on capital and personal property is impossible to collect with any reasonable fairness and justice; it produces little revenue, compared to its great value, which largely escapes all taxation. It is a tax on conscience, which is unenforceable, and the strong incentive of deep thinkers on the subject is to abolish this tax entirely.

Alexander Hamilton said in constitutional convention, "*We must tax land or industry,* there is no other choice; all taxes, whatever their name and no matter how disguised, will rest ultimately on one or the other." Hence the strong tendency is in justice to all and for the very best reasons—to entirely remove all tax from *industry* and put it all on *land and franchise values.* This is a community value which is increased or decreased with the population. People coming close together in the cities create the demand and utility which produces the great value of the whole community. All government expenses must be borne by the values really created by the whole people or individuals must be deprived of part of their legitimate earnings. If the people or the cities *per se* create these immense values, they have a legitimate right to regulate and prevent the lessening of communal value, *without abolishing private property in land.*

"The late Hon. Tom L. Johnson estimated the land values of cities at 60%, farms 20%, and mines 20%. Farmers own a large part of the land in any state, but they own little land value."

The problem of taxing land and industry as now in use, we believe is an entirely erroneous idea, largely caused by a lack or want of the proper rules and tools to work with, as tabulated and demonstrated by the Utility System to make the gross INCOME PLAN the most effective and the best in use.

Alexander Hamilton's ideas on taxation may have been all right and we suppose they were, with conditions then prevailing in that day and age, but to make the same application to present conditions, in our wholly changed and advanced state of civilization, is surely error. Then and in his period values largely centered around one item, land, with its ever slow but sure increasing value, because of demand and because it cost nothing or but little of labor or value to acquire in the beginning. This unearned increment or increased value of the land without applying any additional labor or capital, we infer he very naturally recognized as the most fair and able product to bear the chief burden of all taxation for governmental purposes.

His brilliant mind evidently and perhaps logically arrived at this conclusion, because in his period practically all other industry was limited to the bare necessities of sustenance or of making a decent living; naturally, if but little or no surplus value were remaining or left to the people, because of their primitive understanding and use of the various products, all industry was at a low ebb and could ill afford to bear much if any of the tax burden for any purpose; they apparently needed it all for decent self-preservation, some culture and development. But today have not conditions been almost entirely reversed?—because the wonderful inventions, the development of many new products, the marvelous progress of civilization, philosophy, science and the use of our natural resources have produced an enormous industry, perhaps scarcely dreamed of by Mr. Hamilton. Now, to permit all this great value, including hoarding (or cold storage capital) largely or wholly produced from our present varied industry, to escape all or a just proportion of its legitimate share of taxation is error.

Its genesis, nature, development and successful growth receive a vast amount of both public as well as private protection, energy and expense to render it successful and profitable. Then we see no good reason why all successful industry should not bear its equal share of the tax burden. Does it not require and demand more public expense, cost of fire, police protection, etc., than mere land? Are not many forms of manufacture and various modern human industry, including the professions, even more profitable than land investment, including the rather uncertain supposed unearned increment? There may, and we suppose have been in the past, undoubted large profits in the natural development and increased value of land, but perhaps no more, or not as much, as in some forms of industry. Each is a venture, an investment, a speculation to a greater or less degree of both labor and capital, and as all are open to free election, there should be no just reason why either should be favored by discrimination, in not bearing its full and fair share of taxation, for all proper regulation and governmental purposes.

At the present time this so-called unearned increment in land seems to work with a vengeance both ways, by increase or decrease, profit and loss, and generally loss, owing to the wrongful and ever increased burden of tax this one item or product has to bear relative to all other products of industry.

The proper and perhaps the final solution of the problem is a just collection and equalization from all industry and all land on an exact equal basis of intrinsic value, or gross earnings, as we hope is clearly tabulated and demonstrated by our Utility System of taxation. Of course, the GROSS EARNING BASIS is used because it is fairer, more accurate, feasible, reliable and dependable both in determining and comparing relative value of all kinds of property than any other basis.

This page is added in lieu of our Advance Views.

Alexander Hamilton's ideas, as modified and brought down to date, by the author.

Obviously land values are located in the cities, viz.: "The block in St. Louis occupied by the Barr Dry Goods Co. is a striking illustration of the enormous values that are produced by the presence, necessities and activities of a great population. Here is a tract of one and three-tenths acres which has increased in value from $2,000 in 1817 to a present market value of $6,000,000 on the land, independent of all improvements, or $4,516,000 per acre. There are 82 counties in the State of Missouri, in any one of which the present total assessed value of real estate is less than the actual market value of this single city block, without improvements."

This demonstrates the great care and emphasis necessary in correctly valuing city business lots.

No constitutional change is at present proposed, but obviously the time is not far distant when the whole fundamental principle of taxation will be revolutionized so that it will ultimately all rest on lands, franchises and those values which the people in the aggregate subconsciously produce. This is sometimes called the *unearned increment*.

We thought of getting this copyrighted and then kindly request each village, city or community using it to adopt and permanently maintain at least one settlement home for the benefit of their aged poor; more and larger homes for the larger cities in proportion to population, etc. Adopting settlement homes for the aged poor is no charity; it is a moral, and should be a legal, duty. This system will save any community adopting it many times more than the cost of properly maintaining such homes, *with a little more consideration* than is shown in the ordinary county poor house. Have they not been our mothers and fathers, or our grandparents? Are we not trustees on probation, for a little while only, of all pecuniary gain? This will be accomplishing a double good by eradicating one of the most pernicious public wrongs which has seriously troubled all communities for ages. It will stand for the betterment of the masses as well as the direct uplift of the poor. We want no compensation or recognition of any kind, except a happy thought of having been the medium of transmitting a little light and truth to posterity. In its far-reaching effect it is destined to benefit the entire human family. To the people for a Christmas 1911, when it was finished.

Nov. 10th, 1911.

Dr. N. Wagner,
No. 1101 Emerson Street, City.
Dear Sir:

I have read carefully your proposed plan of assessment. I recognize fully the inconsistencies that result from the present method of assessing real estate, and agree with you thoroughly that one of the important elements that should be taken into consideration in assessing real estate values, are the income qualities, or possibilities, actual and potential, of the real estate to be assessed. Your plan of assessment, therefore, is a move in the right direction, and I heartily endorse any movement looking to the adoption of a scientific system of the assessment of real estate values.

Very truly yours,

W. A. HOVER.

Denver, Colo., Nov. 14, 1911.

Dr. N. Wagner, Denver, Colo.,

Dear Sir: I have read as carefully as my limited time would permit, your system of taxation. As it differs quite radically from the methods now employed, more study is required for a proper understanding of it than I have been able to give. But it does appear to provide an excellent remedy for present ills. Under this system it would be impossible for taxable property to escape bearing its share of the public burden, and the basis of valuation is so fair and equitable no honest man will refuse to give it careful consideration.

Yours truly,

FRANK HALL.

Denver, Colo., November 20, 1911.

Mr. Napoleon Wagner,
1101 Emerson St., City.
Dear Sir:

An examination of your plan seems to me to show that you have an idea there which, if carried out carefully, would certainly be wonderfully more effective than the hit and miss plan of determining the value of a given lot plus the improvements, which has ordinarily been the method of determining realty values.

Your plan has the advantage of recognizing the unquestionably close connection between actual rental values and real value. It seems to me that its application would bring about a practical justice, providing, of course, that the actual rental values of your ground floors were secured.

Very truly yours,

C. E. CHADSEY,
Superintendent Denver Public Schools.

Denver, Colo., Oct. 30th, 1911.

I fully endorse the above suggestions and system of taxation recommended by Napoleon Wagner, as being full and complete. I would add nothing in reference to personality, etc. I have no doubt it will do all he claims for it. I would like to see it put in practical use in Denver.

C. C. GIRD,
Assessor for City and County of Denver for the years 1904 to 1908.

Denver, Colorado, November 20, 1911.

I think very favorably of the suggestions and system of taxation by Napoleon Wagner. I should get it copyrighted and use it exactly as he recommends. By this system no value can escape taxation—it will bear alike on rich and poor. There can be no discrimination. I believe it is the fairest and most just system that can be used for taxing all alike according to value. It probably would save annually many millions of dollars of valua-

tion in Denver which heretofore has entirely escaped all taxation. In all fairness and self-preservation, Denver and all other cities can not adopt it too soon, because it is the ideal of simplicity, efficiency and reliability.

Yours sincerely,

S. ROY WRIGHT,
Chief Deputy Assessor for the City and County of Denver, Colo., for two terms.

I fully concur in the above.

H. S. VAUGHN, Atty.

Denver, Colorado, Dec. 14, 1911.

Mr. Napoleon Wagner,
Denver, Colo.
Dear Sir:

As long as taxes are charged against property upon the basis of its valuation, then in order to secure uniform taxation we must follow some uniform method in ascertaining such value.

From an examination of the method proposed by you it seems to me that if it is conscientiously followed, it would result in getting a uniform valuation of rentable property. I have, however, given more study to the legal problems concerning taxation than to the methods to be followed in securing a uniform valuation. As to whether your method is a workable method the opinions of the men who have been engaged in actually assessing property and who have given this feature special study, are of much more value than mine.

Yours very truly,
L. F. Twitchell.

December 20, 1911.

Dr. Napoleon Wagner,
1101 Emerson Street, Denver, Colorado.
Dear Sir:

I have made a careful examination of the system of taxation proposed by Dr. Napoleon Wagner; and I believe that with some changes—which practical application would demonstrate—this system would be a great improvement on the so called scientific systems now in use. I have had eleven years of practical experience in valuing realty for assessment.

Respectfully submitted,
William E. Lamb.

I have read the account of the system of determining the value of city lots as proposed by Dr. Napoleon Wagner and I believe it to be a suggestion of a method for greater accuracy in the valuation of such property. It appears to me practicable and similar to the methods employed in business to ascertain the value of such lots. I think it is worthy of the careful attention of students of taxation and I should like to see it given a trial.

John B. Phillips,
Professor of Economics
University of Colorado.

Dec. 16, 1911.

December 18, 1911.

Dr. Napoleon Wagner,
Denver, Colorado.
Dear Sir:

I turned your paper over to Dr. Phillips, our Professor of Economics and Sociology. He is something of an expert on the subject of taxation and his opinion is of real value. I congratulate you on the estimates of its value that you have received.

Very truly yours,
JAMES H. BAKER, A. M., LL. D.,
President University of Colorado.

Denver, Colo., 12-22-1911.

Dr. Napoleon Wagner,
11th & Emerson, City.

Dear Sir:

As a supervisor of Denver and one who has to pass on the equalization of taxes, I have made it my business to investigate the Somers or Unit System, and found it about as harmonious and scientific as a crazy quilt; and on a par with our Colorado freight tariffs. Philadelphia has repudiated it. The court there held, that a mathematical problem was not patentable, and that an elected assessor cannot legally delegate his duty to a non-resident Hessian.

After the investigation of the taxation system of New York, Cleveland, Philadelphia and Chicago, I believe that yours, "The Napoleon Wagner Proposed System of Taxation," has the greatest merit and should be given a trial.

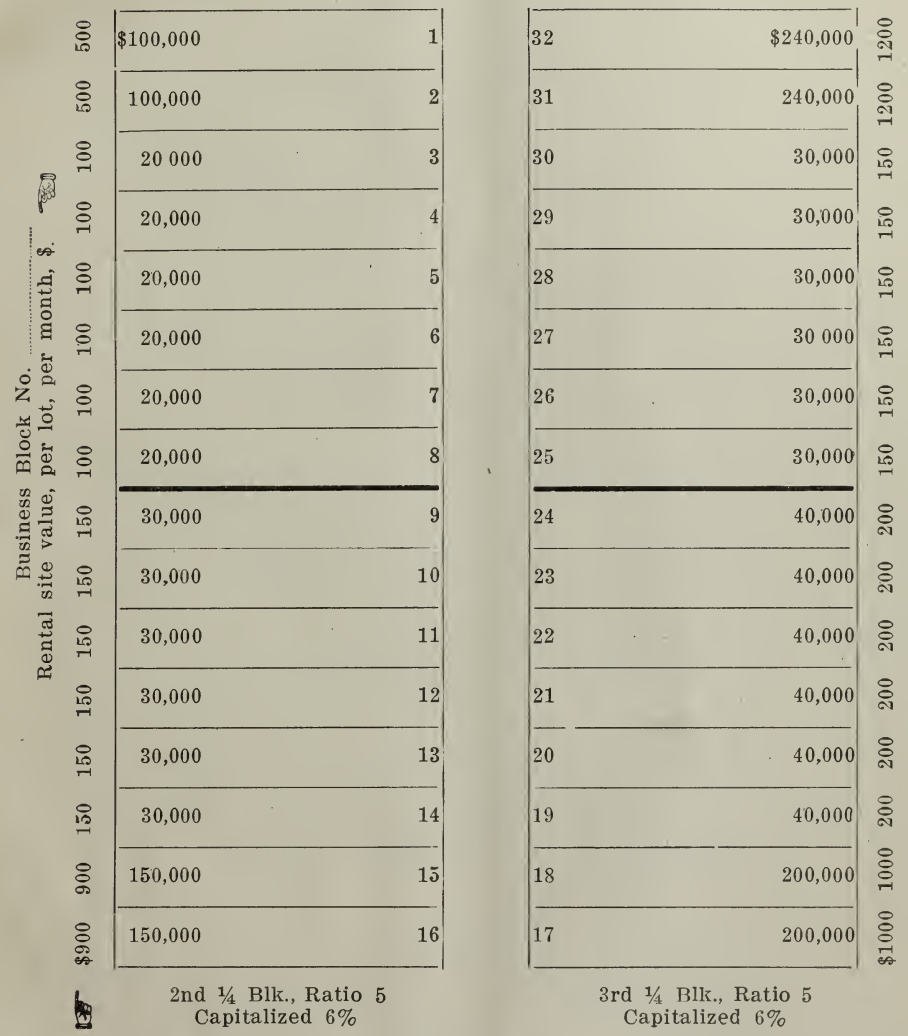
Wishing you every success, I am,

Very truly yours,

GEO. J. KINDEL,
Supervisor.

PROOF OF RELATIVE VALUE---UTILITY TAXATION 1911, Page 6 of this phamphlet as Revised

BY NAPOLEON WAGNER



Any monthly values may be substituted; here we use even values, simply to avoid decimals or fractions; the result will invariably be the same, viz.: absolutely correct comparative or **RELATIVE VALUE.** This principle may with equal force and propriety be applied to all other values.

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Residence Block No.	Rental site value, per lot, per month, $	1st ¼ Blk., Ratio 2 Capitalized 6%	4th ¼ Blk., Ratio 4 Capitalized 6%	Rental site value, per lot, per month, $	Residence Block No.
1	50	$10 000	$8,000	40	32
2	50	10,000	8,000	40	31
3	25	5,000	2 000	10	30
4	25	5 000	2,000	10	29
5	25	5,000	2.000	10	28
6	25	5,000	2,000	10	27
7	25	5,000	2,000	10	26
8	25	5,000	2,000	10	25
9	10	2,000	1,000	5	24
10	10	2,000	1,000	5	23
11	10	2,000	1,000	5	22
12	10	2,000	1,000	5	21
13	10	2,000	1,000	5	20
14	10	2,000	1,000	5	19
15	30	6,000	4,000	20	18
16	$30	6,000	4,000	$20	17
		2nd ¼ Blk., Ratio 3 Capitalized 6%	3rd ¼ Blk., Ratio 4 Capitalized 6%		

Any monthly values may be substituted; here we use even values, simply to avoid decimals or fractions; the result will invariably be the same, viz.: absolutely correct comparative or **RELATIVE VALUE.** This principle may with equal force and propriety be applied to all other values.

ADDENDA.

In Order to More Fully Elucidate.

1st. Our plan is not purely an income method or system.

2nd. Our plan is not purely an annual income method or system.

3rd. Our plan is not purely an average annual income method or system.

4th. Our plan is purely a system, based on *utility*, which includes all of above, viz.: *The reasonable annual average rental value.*

This real value can not be had or ascertained from *mere opinion* of an assessor or committee, or a dozen so-called expert opinions, unless they are familiar with all the above, viz.: *The reasonable annual average rental value.* It must be remembered, opinion or testimony, no matter how important does not make value. Opinion like memory is fickle and tricky, it may be influenced to go up or down, with the state of the weather, fog or sunshine,

Hence it can not be depended upon, unless it is based upon all the essential factors which go to make up real value and this is seldom if ever the case. It is generally based upon what a given assessor or witness happens to know about any definite piece of property. Hence the result of opinion is largely a guess. It is too vague, indefinite and uncertain to be depended upon in locating or fixing value for any purpose and especially for assessment, where it should be absolutely correct, in order to prevent discrimination and treat all alike.

This can and will be had with more uniform dependence, accuracy and reliability by *utility* than any other plan. If opinions or sworn testimony do not make value—*but tenants do, who pay rent, when it is properly equalized.* Then why not get value, first hand, direct from the tenant or landlord, which is the highest and best evidence instead of second, third or lower grade—evidence from those who have opinions for rent or sale, which are not worth a soap bubble, because you can generally get all you want on either side of a contest for the asking. It is admitted by the highest authority that opinions vary from one to fifty per cent (unless they compare notes before testifying), hence can be of but little, if any, aid in establishing *real value.*

Webster's dictionary says: "*Opinion* is sentiment, notion, persuasion, idea, view; it is belief stronger than impression but *less strong than POSITIVE KNOWLEDGE.*" Our plan of *utility justly equalized, can be had from both the tenant and landlord and is a double source of POSITIVE KNOWLEDGE.* Besides it is the highest and best evidence obtainable of *real value* under any and all circumstances, regardless of kind, size, shape or location.

This does not mean the highest or lowest rental value of 1, 2, 3, 4 or more lots or buildings (whether occupied or vacant), but *the fairly average annual rental value for the entire block or neighborhood.*

The result or value must be had from fair and honest comparison in all cases. This rule can be applied with great accuracy and justice to all middle or inside lots and improvements.

Pages 5 and 6 of Taxation clearly demonstrate how to ascertain the value of all business corner lots. The value of each business corner building or improvement will almost be a distinct and separate law unto itself, which each year's average rental value alone can solve, prove and demonstrate.

The use of standards in real estate assessments are of the greatest importance hence we take *utility, or rather the new manner and application of the word utility as our standard,* this statistical information of *real value,* will be built up, made stronger, more accurate and reliable from year to year and in a few years should be absolutely correct. It may be applied to one piece of property, a whole block or a whole neighborhood, by a boy of average intelligence or an accountant, as well as any assessor or so-called expert on values. The correct application of this rule must and will solve the most difficult questions of *corner lot value, next lots to corner value, middle lots value, regular or irregular shaped lots value, water front lots value, franchise value, or any other value,* where many elements and factors unite to produce value, in all cases justly and without error. Because it is the most natural, reasonable, feasible and accurate way of ascertaining *real value.* Is it not about what information or knowledge an average insurance company or savings bank would require, to base the value on a given piece of property, before making a loan, or a prudent business man before making a purchase of any kind of property? See page 6 on taxation. If this rule is conscientiously and honestly administered, absolute equality, fairness and justice must result.

The law in Ohio and some other states is as follows, viz.: "Any assessor who shall *wilfully or knowingly fail to equalize any personal or real property according to its true value in money,* shall be fined $50 to $500 and in addition shall forfeit his office or position."

Is it not a shame and disgrace that this or a similar statute is not in effect in Colorado and every other state? Then Mr. Assessor would not insolently and autocratically say as they do now: "Go to the courts if you don't like my assessment," no matter how erroneous or discriminatory, just as they feel. According to our present Colorado law, they may just as well say go to destruction—becausee the amount is always small, never large enough to justify the expense—attorneys' fees, court costs, witness fees, etc., time and bother, even if one is successful, will still be loser and much out of pocket in the end. Does it not genarally mean successful discrimination and confiscation of that amount from the individual, which he can not afford to go to law about, to get back? Is not this principle and fact well known to all assessors as well as those large tax payers, *who may receive special privilege,* by having their property undervalued and especially where they make large campaign contributions?

Apply the penalty liberally for misconduct of assessors—fine $50 to $500 and forfeiture of office or position. Then errors, mistakes and discriminations will be promptly and justly corrected—and we will no longer be told, "go to the courts if you don't like my assessment."

We have been complimented very highly on our pages No. 5 and 6 of Taxation. Also pages No. 9 and 10, where we justly criticise the plan now in use in New York City, Chicago, Philadelphia, etc.

To all who wish more detailed information on this subject, we refer to our eight pages of vigorous *amended protest* and *supplement to amended protet* against the adopting of the Somers or Unit system of taxation, *both dated October* 4, 1911, to the assessor of the City and County of Denver, Colorado.

No man dares say what lasting and uplifting results will follow from the adopting of the plan of *utility justly equalized* as a basis of taxation, entering intimately into the life of every taxpayer, throughout the world.

This system of taxation is not meant or intended to be merely local; *but is equally applicable to any city or community,* large or small, no matter where located.

A false balance *is* abomination to the Lord, but a just weight *is* his delight.—Proverbs, 11:—1.

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